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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/522,709	03/10/2000	Fernando L. Alvarado	43920-032	5984

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EXAMINER

ALPERT, JAMES M

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 12/05/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/522,709

Applicant(s)

ALVARADO ET AL.

Examiner

James Alpert

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 06 September 2005.  
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.  
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-3, 17, 19 and 20 is/are pending in the application.  
4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.  
5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.  
6) ☒ Claim(s) 1-3, 17, 19 and 20 is/are rejected.  
7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.  
8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.  
10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).  
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)  
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)  
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.  
4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.  
5) ☐ Notice of Informal Patent Application (PTO-152)  
6) ☐ Other: \_\_\_\_\_.

### **DETAILED ACTION**

The following communication is in response to Applicant's amendment filed on 11/29/2004 and to Applicant's response to the restriction requirement filed 09/06/2005.

#### ***Election/Restrictions***

Applicant's election of Invention 1, Claims 1-3,17,19-20, in the reply filed on 09/06/2005 is acknowledged. Applicant did not indicate whether the election was made with or without traverse, however, in that Applicant has not distinctly and specifically pointed to any supposed errors in the restriction requirement, the election is deemed to be made without traverse. See MPEP § 818.03(a). Claims 5-9,11-12,14-15,18 are withdrawn from further consideration pursuant to 37 CFR 1.142(b) as being drawn to a nonelected inventions, there being no allowable generic or linking claim.

#### ***Response to Arguments***

Claims 1-3,17,19-20 are currently pending. All previous grounds of rejections are hereby withdrawn. New grounds of rejections and objections are stated below.

#### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 19-20 are rejected under 35 U.S.C 101 because the claimed invention is directed to non-statutory subject matter. Whether a claimed invention relating to business methods is directed to statutory subject matter is governed by State Street Bank & Trust Co. v. Signature Financial Group Inc., 149 F. 3d 1368, 1374, 47 USPQ2d 1596, 1601-02 (Fed. Cir. 1998). Pursuant to the holding in this case, computer claims

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should be treated like any other process claims (MPEP § 2106). Claims 19-20 are directed toward a "portfolio," comprising various characteristics. The claims are on their face non-statutory, as a "portfolio" is not a process nor is it a machine, manufacture of composition of matter. The Examiner assumes that the Applicant considers his invention to be a method and corresponding computer-implemented system designed to aggregate various financial instruments into a entity-owned financial portfolio. The Applicant should consider amending the claims 19-20 to reflect the distinction between "a portfolio" and a system for assembling "a portfolio." For purposes of prosecution, the examiner will treat the claims as being a system.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-3,17,19-20 are rejected under 35 U.S.C 103(a) as being unpatentable over Thomas, An East Coast View: The Right Price for PJM, Public Utilities Fortnightly, (hereafter Thomas), in view of DeVany et al, Price Dynamics in a Network of Decentralized Power Markets<sup>1</sup>, Journal of Regulatory Economics (hereafter DeVany).

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**With regard to Claims 1,17,** Thomas teaches a method and medium comprising:

using a computer for modeling locational prices of a commodity in the market (Page 2/6, first full paragraph, "Congestion: a fact of life..."; Page 4/6, sixth full paragraph, "A related issue ...")

using a computer for producing a combination of price risk instruments for the market in a proportion such that an effect of the congestion prices for the congestible lines on the locational prices of the commodity is reduced. (Page 3/6, sixth paragraph, "Is LMP too complicated...")

It is unclear to the examiner whether Thomas teaches that the modeling performed using:

a linear combination of congestion prices for congestible lines in the network;

However, this limitations is taught by DeVany starting at:

(Page 4/9, "4. Modeling Power Price Dynamics", describing regression and other statistical techniques)

It would have been obvious to one of ordinary skill in the art at the time applicant's invention was made to combine the teachings of Thomas, relating to modeling energy prices considering locational differences, with the teachings of DeVany relating to statistical analysis of spot pricing based on location. The motivation for such a combination is simply to provide the most accurate modeling available in order to determine pricing with the lowest margin of error.

**With regard to Claim 2,** Thomas teaches the method comprising:

producing the combination in a proportion such that the effect of the congestion prices for the congestible lines on the locational prices of the commodity is eliminated. (Page 3/6, sixth paragraph, "Is LMP too complicated...")

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**With regard to Claim 3,19** Thomas does not expressly teach the method and system comprising:

selecting a portfolio  $y$  of price risk instruments, such that  $\underline{Z}'A-y'P'A=0$ , where  $A$  represents distribution factors describing the physics of power flows in the network,  $P$  represents the available market of price instruments, and  $\underline{z}$  represents a market participant's underlying position in the market at a prospective time  $\underline{T}$ , and wherein the portfolio includes a set of positions and primes denote transpositions.

However, DeVany teaches each of these factors in the description of their modeling at:

(Page 4/9, "4. Modeling Power Price Dynamics", describing regression and other statistical techniques).

It would have been obvious to combine the references under the same rational as described above for Claim 1.

**With regard to Claim 20**, Thomas teaches the system wherein:

a number of the price risk instruments is greater than a number of the at least some congestible lines. (Page 4/6, sixth full paragraph, "A related issue ...")

### ***Conclusion***

THIS ACTION IS NON-FINAL. Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (571) 272-6738. The examiner can normally be reached on M-F 9:30-6:00. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is (571) 273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197.

James M. Alpert  
November 25, 2005



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